



CITY OF
HAYWARD
HEART OF THE BAY

Consideration of Introduction of Ordinance to “Opt-In” to Alternative Voluntary Redevelopment Program

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July 26, 2011



Presentation Overview

- 1) Background
- 2) Update on status of CRA lawsuit
- 3) Review of Keyser Marston fiscal analysis
- 4) Analysis of Agency assets at risk and General Fund implications under the Dissolution Act
- 5) Possible options for funding FY2012 remittance payment (if choose to opt-in)
- 6) Process and timeline for Hayward opt-in decision
- 7) Council/Agency Board questions and discussion



Background

- 1) January Governor's Proposal and Hayward responses
- 2) June State Legislation – ABx1 26 and ABx1 27
- 3) July 19 presentation to Council
- 4) Action recommended tonight: Review more comprehensive fiscal analysis and introduce “opt-in” ordinance



Update on Status of CRA Lawsuit

- 1) Status of CRA lawsuit
 - Filed on July 18
 - Arguments in lawsuit
 - Impacts of a “stay”
 - Implications for Hayward’s actions



Review of Keyser Marston Fiscal Analysis – Key Assumptions

- Tax Increment growth rates – approx 2% annually between FY2012 – FY2029
- Non-discretionary expenses include: 1) pass through payments; 2) bond debt service; 3) repayment of SERAF loan; and 4) future ABx1 27 payments to State
- FY2012 payment to State under ABx1 27 (\$4.1M) would primarily come from proceeds of residual Burbank site sale – depends on Council action
- Enforceable obligations under “opt-out” or dissolution scenario include pass through payments and debt service only
- Under “opt-out” or dissolution scenario, Successor Agency would receive \$250,000 for annual admin allowance and City would receive 17.6% of net prop tax available for redistribution



Review of Keyser Marston Fiscal Analysis – Summary

Disposition of Tax Increment Revenues (Dollars in \$Millions/Net Present Value through TI Receipt Limit of Agency – FY2047)

	RDA Continues ¹	RDA Dissolves ²	Delta
Net Non-Housing Redevelopment Revenue	\$56	\$4	(\$52)
Housing Set-Aside Revenue	\$46	n/a	(\$46)
Property Taxes Redistributed to General Fund	n/a	\$15	\$15
Total	\$102	\$19	(\$83)

Note 1: Potentially retain assets on Slides 10-11

Note 2: Potentially forfeit assets on Slides 10-11



Three Year Revenue Comparison with and without RDA (\$ in thousands)

	FY12 RDA Continues ¹	FY 12 RDA Dissolves ²	FY13 RDA Continues ¹	FY13 RDA Dissolves ²	FY14 RDA Continues ¹	FY14 RDA Dissolves ²
Net Non-Housing Redevelopment Revenue	\$1,969	\$0	\$2,012	\$0	\$2,056	\$0
Housing Set-Aside Revenue	\$3,683	\$0	\$2,913	\$0	\$3,107	\$0
Property Taxes Redistributed to General Fund	\$0	\$690	\$0	\$723	\$0	\$753
Total	\$5,652	\$690	\$4,925	\$723	\$5,163	\$753

Note 1: Potentially retain assets on Slides 10-11

Note 2: Potentially forfeit assets on Slides 10-11



Revenue and Expenses Over Next Three Years if RDA Continues (\$ in thousands)

	FY12 Non-Housing	FY12 Housing	FY13 Non-Housing	FY13 Housing	FY14 Non-Housing	FY14 Housing
Total Revenues	\$8,740	\$3,683	\$9,038	\$2,913	\$9,304	\$3,107
Non-Housing Non-Discretionary Expenses	(\$6,772)	\$0	(\$7,026)	\$0	(\$7,248)	\$0
General Fund Related Expenses	(\$1,417)	\$0	(\$1,443)	\$0	(\$1,471)	\$0
Staff and Administrative Expenses	(\$551)	(\$494)	(\$568)	(\$511)	(\$585)	(\$526)
Net Available for Projects/Programs	\$0	\$3,189	\$1	\$2,402	\$0	\$2,581



Pass Through Payments Before and After Potential Agency Dissolution under ABx1 26

FY2012 Existing Pass Through Payments: approx. \$1.4 million

If Agency dissolves, additional FY2012 redistribution of tax increment to taxing agencies: approx. \$5.4 million

- City would only receive \$690,000 of this \$5.4 million
- Would be distributed to State/Schools (58%), County (15%), and Special Districts (11%) – estimated percentages



Analysis and Est. Value of Agency Assets at Risk if the Agency Dissolves

Non-Housing Assets (\$11.8M):

- 1) Cash balances and anticipated revenues (\$1.8M)
- 2) Burbank Residual Site land sale (\$4M)
- 3) Land held by City for re-sale/redevelopment (\$6M+)
(Not including Burbank)
- 4) Disposition of other public facilities (TBD)
- 5) Other contracts/activities subject to termination (TBD)

Housing Assets (\$8.4M):

- 1) Cash and CIP balances (\$1.7M)
- 2) Eden Housing South Hayward BART project loan (\$4.3M)
- 3) 238 Settlement Agreement funds (\$2.4M)
- 4) Affordable Housing sites held by City (TBD)



Analysis of General Fund Implications if the Agency Dissolves

- General Fund Loan to RDA (\$7.8M outstanding balance; \$800,000 annual payments)
- Agency Employees/City Employees supporting Agency activities (\$200,000 annually)
- Annual cost allocation from RDA to General Fund (\$400,000 annually)

Estimated annual total loss = (\$1.4 million)

Redistributed Prop Tax Revenue = \$690,000

Estimated Net Annual Loss to General Fund = (\$710,000)



Possible options for funding FY2012 remittance payment

Estimated FY2012 Remittance Payment = \$4.1 million (due in two installments: ½ due in January and ½ due in May 2012)

- Withhold FY2012 TI deposit to Low/Mod Housing Fund (est. \$2.2M) to the extent necessary
- Estimated Agency TI cash balance (est. \$500K)
- Residual Burbank sale proceeds (\$4M)
- Borrow funds from Enterprise Fund reserves (not recommended)
- Borrow funds from General Fund reserves (not recommended)
- Other



Timing Considerations of Opting In Now

- Continue Agency business as normal
- Staff morale
- Allows Agency to sign on to South Hayward TOD project agreements
- Statement of Indebtedness preparation and related activities – must be filed by October 1 and may need to be more comprehensive
- Residual Burbank site remediation
- Don't have to file Enforceable Obligations Schedule by August 27



Process and Timeline for Hayward Opt-In Decision

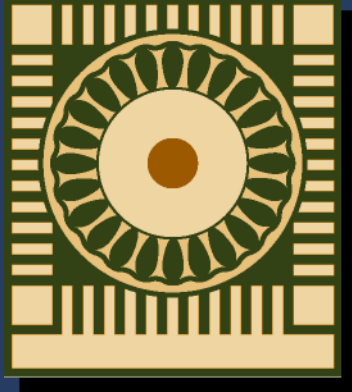
July 19 – Council meeting to consider preliminary fiscal and legal analyses of “opt-in” decision

July 26 – Continued Council/Agency Board discussion on “opt-in” decision structured to allow introduction of “opt-in” ordinance, should Council decide to do so

Early August – Adoption of “opt-in” ordinance (special meeting on August 2 at 3 p.m.)

**** If Council/Agency Board do not choose to “opt-in” on July 26, would still need to schedule a special meeting prior to August 27 to adopt Statement of Enforceable Obligations.**





Questions/Discussion

